

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 870 - HB 1357

March 23, 2017

SUMMARY OF BILL: Requires an application for a property tax freeze program pursuant to Tenn. Code Ann. § 67-5-705 to be approved if the qualified applicant dies prior to filing the application, but on or after January 1 of the tax year for which the freeze is sought.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent qualified property tax freeze program recipients die on or after January 1 but prior to filing applications for the applicable tax year, the applicable local governments offering such tax freeze programs may incur a decrease in local property tax revenue if qualified applications are submitted after such recipients’ deaths. The extent and timing of any such decreases are unknown.

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-705(d), a legislative body of any county or municipality by resolution or ordinance is authorized to adopt a property tax free program.
- Pursuant to Tenn. Code Ann. § 67-5-705(e), taxpayers seeking a property tax freeze are required to apply annually to the collecting official by the deadline established in program rules, and applicants must qualify on the basis of age, income, and ownership of eligible property. If the collecting official approves the application, the property taxes due on the applicant’s principal residence is required to be the lesser of the actual tax due or base tax, or the amount of taxes owed in the year the applicant first qualified for the program.
- Based on information provided by the Comptroller of the Treasury, 36 cities and 23 counties have adopted a tax freeze program.
- In the absence of this legislation, property belonging to qualified property tax freeze applicants who die on or after January 1 of a tax year would be billed on the actual amount of property taxes due.
- This legislation would require the annual tax freeze application to be approved after a qualified property tax freeze program homeowner dies for the tax year in which the homeowner’s death occurred.

- The total statewide impact to local government associated with qualified property tax freeze program is dependent on multiple unknown factors such as: the number of qualified property tax freeze program participants that will die each tax year; the number of participants' estates that will seek qualification after the participants' deaths; and the difference between actual taxes due and the amount due under the property tax freeze program; however, in instances where a property tax free application is approved after a participant's death, local government will incur a decrease in local revenue.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj